UBE ENGINEERING SDN BHD

v.

UBE INDUSTRY SDN BHD & ANOR

HIGH COURT MALAYA, KUALA LUMPUR
STEVE SHIM J
[SUIT NO: D5-22-2482-1999]
17 AUGUST 2000

CIVIL PROCEDURE: *Injunction - Injunction to restrain use of trade name - Passing-off - Whether plaintiff has acquired goodwill and reputation - Whether injunction should be granted - Whether proper case for interim injunction - Triable issues - Balance of convenience - Undertaking as to damages*

The plaintiff prayed for inter alia an injunction or an interim injunction to restrain the defendants from using the word "UBE" in their names and from using the "UBE" trademark and logo on the fire extinguishers manufactured and sold by them. Essentially, this was a case of passing off and to succeed three elements had to be proved. Firstly, whether the plaintiff had acquired goodwill and reputation in its name and trademark, secondly, whether the plaintiff had demonstrated a misrepresentation by the defendants to the public leading or likely to lead the public to believe that the goods offered by the defendants were those of the plaintiff, and thirdly, whether the plaintiff had demonstrated that it suffered or would suffer or would be likely to suffer damage by reason of the misrepresentation. For the purpose of resolution, the court found it sufficient to merely consider the issue of goodwill and reputation.

Held:

[1] The defendants alleged that since the plaintiff only began using the "UBE" trademark and logo on its fire extinguishers in 1996, it would not have been commercially possible for a company to establish goodwill and reputation in such a short period of time. Counsel also stated that there was no documentary evidence to support the plaintiff's claim that there was acquired goodwill and reputation through sales of its fire extinguishers totalling RM300,000 a year.

[2] The issues dealt with were incapable of fair and complete resolution merely on the affidavits filed herein. This was not a fit and proper case to grant the permanent injunction or the interim injunction sought by the plaintiff.

[3] The plaintiff had not established all the elements of passing-off. The plaintiff had not given any undertaking as to damages nor had it made any attempt to justify its financial ability to meet any undertaking. There was sufficient evidence that the defendants' business was quite extensive and had been around for more than 2 1/2 years. To prevent them from continuing would be unfair. The balance of convenience was in the defendants' favour.

[Application dismissed; permanent and interim injunctions refused.]

Case(s) referred to:
American Cyanamid Co v. Ethicon [1975] AC 396 ***(refd)***
Brigid Foley Ltd v. Ellot [1982] RPC 433 ***(refd)***
H & R Johnson Ties Ltd & Anor v. H & R Johnson (M) Bhd [1998] 3 CLJ Supp 441 ***(refd)***
Keet Gerald Francis Noel John v. Mohd Noor Abdullah [1995] 1 CLJ 293 ***(refd)***
Reckitt & Colman Products v. Borden Inc & Ors [1990] 1 All ER 873 ***(refd)***

Legislation referred to:
Rules of the High Court 1980, O. 14

For the plaintiff - Ang Gim Yan; M/s SB Cheah & Assoc
For the defendants - Lim Pui Keng; M/s Skrine Advoc

Reported by Suhainah Wahiduddin

JUDGMENT

Steve Shim J:

This is an application by the plaintiff made by way of summons in chambers at encl. 8 for summary judgment against the defendants pursuant to O. 14 Rules of the High Court 1980, wherein the plaintiff has prayed for *inter alia* an injunction or alternatively, an interim injunction. More specifically, the plaintiff is seeking an injunction to restrain the 1st defendant from using the word "UBE" in its name and also to restrain the 1st and 2nd defendants from using its "UBE" trade mark and logo on the fire extinguishers manufactured and sold by them. Alternatively, it is seeking an interim injunction pending the disposal of the main action against the defendants. The defendants have opposed the said application.

Essentially, this is a case of passing-off. To succeed in the action of passing-off, the plaintiff is required to prove three elements: (see *Reckitt & Colman Products v. Borden Inc. & Others* [1990] 1 All ER 873; *H & R Johnson Tiles Ltd & Anor v. H & R Johnson (M) Bhd* [1998] 3 CLJ Supp 441). In the context of this case, these elements can be conveniently postulated as follows:

(a) whether the plaintiff has acquired goodwill and reputation in its name and trade mark;

(b) whether the plaintiff has demonstrated a misrepresentation by the defendants to the public (whether or not intentional) leading or likely to lead the public to believe that the goods ie, five extinguishers offered by the defendants are those of the plaintiff; and

(c) whether the plaintiff has demonstrated that it has suffered or will suffer or is likely to suffer damage by reasons of the misrepresentation.

Having perused the affidavits filed both in support of and in opposition to the application and having also read the submissions of counsels for the parties concerned, I think it is sufficient, for the purpose of resolution, to merely consider the issue of goodwill and reputation.

Now, it is the plaintiff's case that it had acquired goodwill and reputation pertaining to the use of the word "UBE" in its name and the "UBE" trade mark and logo by virtue of the fact that since its incorporation in 1984 it had, appended to its name, the word "UBE" and since 1996, it had used the "UBE" trade mark and logo on its fire extinguishers sold to the public and that it had also been advertising and promoting such business activities extensively in Malaysia, maintaining that it had been making profits amounting to RM300,000 a year through its sales.

In rebuttal, the defendants have raised two significant issues. First, the defendants say that there was an oral agreement between one Khor Kai Huat (a major shareholder and director of the plaintiff) and Liew Sen Hoi (a major shareholder and director of the 1st defendant) that the latter could form a company with "UBE" in its name as well as use "UBE" as a trade mark and logo on its fire extinguishers sold to the public. The defendants maintain that this oral agreement formed part of the shares sale agreement executed by the two persons aforesaid. The plaintiff has of course denied the existence of such an oral agreement drawing attention to the fact that no reference of this was reflected in the said shares sale agreement. Further more, counsel for the plaintiff has cast grave doubt upon its existence since, according to him, it would be illogical and unthinkable for the solicitors who prepared the said shares sale agreement to have deliberately omitted to include such an oral agreement if it really existed. I am not sure I agree entirely with this perception. There might have been other reasons for non-inclusion. In any event, the impression I get is that the alleged oral agreement came about as a result of the successful execution of the shares sale agreement whereby Liew Sen Hoi had agreed to sell his 55% shareholding in the plaintiff to Khor Kai Huat.

In my view, this is an significant factor for consideration because if it were true, then the plaintiff would have been estopped from instituting this action for passing-off. It's claim against the defendants would have been frivolous and vexatious. Clearly therefore, given the conflicting positions taken by the parties concerned, it becomes an issue of fact which requires further inquiry and as such ought reasonably to be ventilated in a trial proper. On the affidavits alone, the issue is incapable of full and complete resolution. In the circumstances, a triable issue has arisen on this score.

Secondly, the defendants have alleged that the plaintiff only began using the "UBE" trademark and logo on its fire extinguishers since 1996, that is, after it had obtained the SIRIM certificate on 17 July 1996. Counsel for the defendants therefore contends that when this is examined in the light of the fact that the 1st defendant was incorporated in January 1997, it would not have been commercially possible for a company, such as the plaintiff; to establish goodwill and reputation in such a short period of time – a mere six months or so. Counsel also casts aspersion upon the plaintiff's assertion that it had acquired goodwill and reputation through sales of its fire extinguishers totalling RM300,000 a year as no documentary evidence had been produced in support thereof. According to him, it is quite possible that such sales would have included products other than fire extinguishers.

Quite obviously, the plaintiff and the defendants are completely at loggerheads on the issue of whether the plaintiff had acquired goodwill and reputation in its name and trade mark. In my view, this issue is incapable of fair and complete resolution merely on the affidavits filed herein. It requires further investigation It is one which ought reasonably to be ventilated in a trial proper in which witnesses may have to be called and their credibility tested under cross-examination. In the circumstances and for the reasons given, I hold that this is not a fit and proper case to grant the permanent injunction sought by the plaintiff.

I come now to the alternative plea by the plaintiff for an interim injunction against the defendants pending the disposal of the main action to restrain them from passing-off. Here, the principles propounded in *American Cyanamid Co. v. Ethicon* [1975] AC 396 which were followed in *Keet Gerald Francis Noel John v. Mohd Noor @ Harun bin Abdullah* [1995] 1 CLJ 293 are applicable. Thus, the court has to consider whether there is or are any serious issue or issues to be tried. In the instant case, I have come to the conclusion earlier that triable issues have arisen relating to the question of whether there was an oral agreement alleged by the defendants to form part of the shares sale agreement and the collateral issue of estoppel. Triable issue has also arisen concerning the question of whether the plaintiff had acquired the relevant goodwill and reputation at the material time. These are, in my view, serious triable issues.

Given the conclusion above, the next factor for consideration is the balance of convenience. On this, counsel for the plaintiff has merely submitted that since it has established all the elements of passing-off, the balance of convenience should lie with the plaintiff. For the defendants, it has been submitted that the plaintiff has provided no undertaking as to damages nor has it given any information on its financial capability. In *Brigid Foley Ltd. v. Ellot* [1982] RPC 433, Sir Robert Megarry VC had said *inter alia*:

> ... I would emphasise that in applications for injunctions, especially since *Cyanamid*, one of the important matters always to be dealt with is the ability of a plaintiff to meet an undertaking in damages.

I accept the above citation to be a correct statement of the law. In the present case, the plaintiff has not established all the elements of passing-off. I accept the fact that the plaintiff has not given any undertaking as to damages nor has it made any attempt to justify its financial ability to meet any undertaking. There is sufficient evidence to indicate or suggest that the defendants had been in business for more than 2 1/2 years when this application was taken out and that their business was quite extensive. It would be unfair to prevent them from continuing with their business.

Taking everything into consideration and applying the relevant principles, I am of the view that the balance of convenience has to swing in favour of the defendants. In the circumstances, and for the reasons given, I am not persuaded that this is a fit and proper case for this court to grant the interim injunction sought by the plaintiff. In summary therefore, I would dismiss the application at encl. 8 with cost.